

What is Outsourcing? Avoiding the Confusion

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California, New York, Washington D.C.,
London, Paris, Tokyo

Primary Research Emphasis

Senior Executives Experienced in
Information Services

Forecast from Comprehensive Data Base

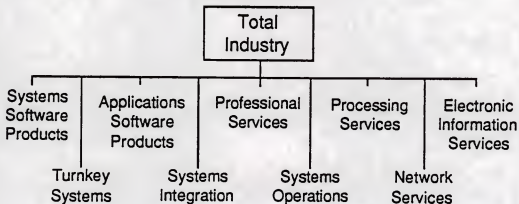
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Information Services Industry Structure



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MPRE-3

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Beyond Products: Service-Based Strategy

HBR March/April 1990

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Key Findings

- Value added from services
- Technology enhances services
- Services enable competitive differentiation

Source: HBR Article

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OU-3

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Recommendations

- Focus on core services
- Outsource other activities

Source: HBR Article

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OU-4

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Outsourcing

- Outsource non-competitive activities
- Outsourcing builds flexibility
- Outsourcing allows focus

Source: HBR Article

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OU-5

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1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the transparency and accountability of the organization. This section also outlines the specific procedures for recording transactions, including the use of standardized forms and the requirement for double-checking entries.

2. The second part of the document addresses the issue of data security. It highlights the need to protect sensitive information from unauthorized access and disclosure. Key measures discussed include the implementation of strong password policies, the use of encryption for data storage and transmission, and the regular updating of security protocols to address emerging threats.

3. The third part of the document focuses on the training and development of staff. It stresses that ongoing education is crucial for ensuring that all employees are equipped with the necessary skills and knowledge to perform their duties effectively. This section details the various training programs available, including workshops, seminars, and on-the-job training, and encourages a culture of continuous learning.

4. The final part of the document provides a summary of the key points discussed and offers recommendations for future actions. It reiterates the importance of adherence to the established policies and procedures and encourages all staff members to take ownership of their roles and responsibilities. The document concludes with a statement of commitment to the organization's mission and values.

5. The following section provides a detailed overview of the organization's financial performance over the past year. It includes a comprehensive analysis of the budget, actual results, and variances. The analysis identifies areas of strength and areas for improvement, providing valuable insights into the organization's financial health and operational efficiency. Key metrics such as revenue growth, cost savings, and profit margins are highlighted, and the reasons for any deviations from the budget are explained.

6. The next section discusses the organization's strategic initiatives and the progress made in implementing them. It outlines the long-term goals and the specific actions taken to achieve them. This section also provides a detailed report on the outcomes of these initiatives, including the impact on the organization's overall performance and the satisfaction of its stakeholders. The progress is evaluated against the established benchmarks, and the next steps for each initiative are clearly defined.

7. The final section of the document provides a summary of the organization's achievements and a look ahead to the future. It celebrates the successes of the past year and acknowledges the challenges that have been overcome. The document also outlines the organization's vision for the future and the strategies that will be employed to achieve its long-term goals. It concludes with a statement of appreciation for the dedication and hard work of all staff members and a commitment to continued growth and success.

Outsourcing is the contracting of information systems (IS) functions to external vendors.

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"Outsourcing" vs. Buying Services

1980s: Services achieved recognition

1990s: Overcome prejudice against buying management services

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"Outsourcing" vs. Buying Services

- Greater commitment on part of buyer
- "Partnership"
- Responsibility/risk for vendors

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Evolution of Outsourcing

Type of Product or Service	1970s	1990s
Applications Software	Applications Packages →	Applications Management
Professional Services	Consulting Contract Prog →	Systems Integration
Processing Services	Specific Proc Serv →	Systems Operations

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Outsourcing in the 1990s What is Different

- Size and length of commitment
- Breadth of responsibility assumed by vendor
- Partnership versus supplier/subcontractor

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Outsourcing in the 1990s

What is Different

- Complexity of IT solutions
- Professional services component
- Systems management

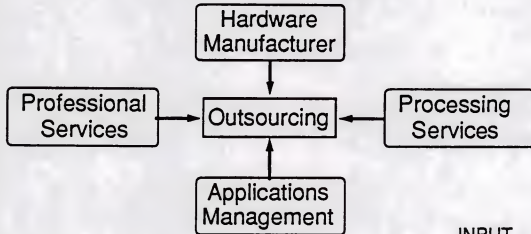
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Vendor Orientation to Outsourcing



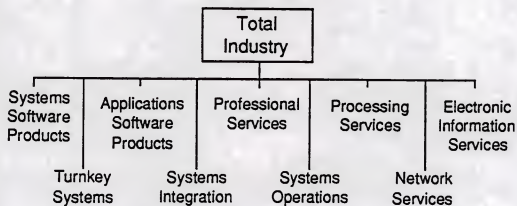
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Information Services Industry Structure

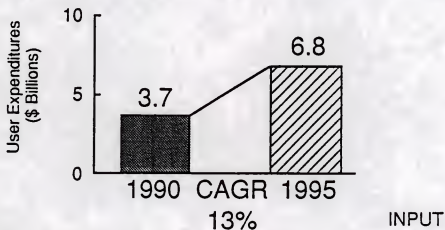


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Canadian Information Services Market, 1990-1995

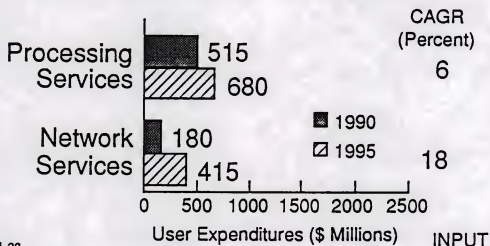


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Canadian Information Services Market, 1990-1995

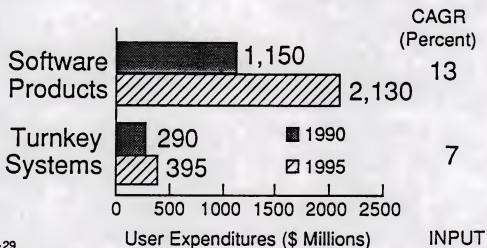


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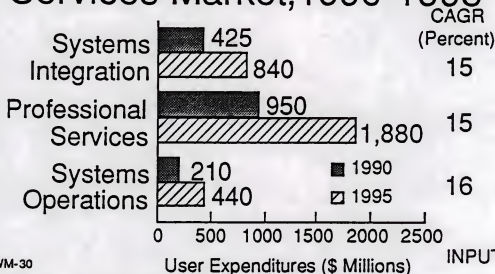
Canadian Information Services Market, 1990-1995



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Canadian Information Services Market, 1990-1995



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Canadian Market Key Technology Trends

- Productivity tools growth
- Continued downsizing
- More technology integration

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Canadian Market Key Technology Issues

- Benefits not visible
- Loss of control due to rapid penetration
- Business/technology linkage needed

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Canadian Information Services Market Driving Forces

- Cost-effective solution
- Company growth
- Excellence requirement
- Staff reductions
- Growing competition

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Canadian Information Services Market Inhibiting Factors

- Recessionary economy
- In-house preference
- Computing disillusionment
- Lower IS priority

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